

Highlights

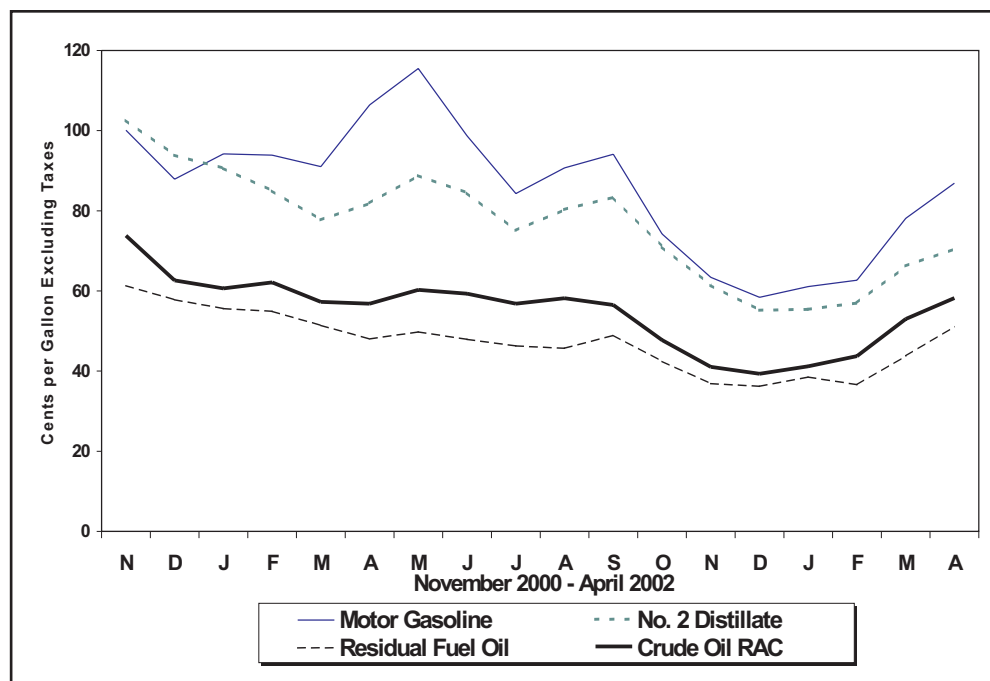
Due in large part to political matters, international crude oil prices were more volatile during April than in recent months. Continuing violence in the Middle East and an eruption in the previously simmering political tension in Venezuela acted as the main factors in the volatility of prices. In response to the continuing Israeli-Palestinian conflict, Iraq halted oil exports for 30 days on April 8 to pressure Israel to withdraw from Palestinian territory. However, many market watchers downplayed the effect of this action on world oil prices, since they believed they had already calculated this kind of event as part of the “war premium” on oil prices. The so-called war premium has led to higher prices throughout world markets in the past few months by adding several dollars to the fundamental value of crude oil.

Prices across world markets reacted more acutely to the political upheaval in Venezuela. Large public protests, labor strikes, and finally the ouster of President Hugo Chavez fueled a sharp decline in prices during the first half of the month. The expulsion was interpreted as a possible shift in the country’s close relationship to the Organization of Petroleum Exporting Countries (OPEC) — of which it is a founding member—and its tight adherence to the group’s current policy on production levels. Crude oil prices hit their low point for the month following comments made by a Petroleos de Venezuela (PDVSA) official indicating the state-run company should focus on market conditions instead of OPEC production quotas. However, Chavez was reinstated as president a few days later and prices rose in response to the

belief that the country would again closely follow OPEC production policy. The higher prices were underpinned during the final weeks of the month as the market’s focus shifted back to various incidents in, and concerns involving entities in the Middle East.

Along with the influence exerted by international events, supply and demand rates (particularly for crude oil) and periodic reports of refinery problems shaped petroleum products prices in the United States. In Midwestern markets, refined product prices rose at the beginning of the month when the Federal Energy Regulatory Commission (FERC) halted deliveries on the new Centennial Pipeline due to issues regarding local tariff rates. FERC allowed operations on the line to resume on April 4 for a conditional 30-day period following the submission of a tariff plan by the pipeline’s owners/operators. Following the upheaval caused by political unrest in Venezuela, product prices through-

Figure HL1. Crude Oil and Petroleum Product Wholesale Prices



Sources: Energy Information Administration. Crude oil refiner acquisition cost: Form EIA-14, “Refiners’ Monthly Cost Report”; petroleum product prices: Form EIA-782A, “Refiners’/Gas Plant Operators’ Monthly Petroleum Product Sales Report.”

Table HL1. U.S. Refiner Prices and Volumes of Petroleum Products

(Prices: Cents per Gallon Excluding Taxes, Volumes: Million Gallons per Day)

Products	Sales to End Users						Sales for Resale					
	April 2002		March 2002		April 2001		April 2002		March 2002		April 2001	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	100.5	64.0	87.3	62.8	117.6	62.7	86.9	314.3	78.1	299.8	106.4	303.9
Conventional	97.3	37.6	84.3	36.2	113.4	36.7	83.4	211.1	75.5	195.5	102.0	203.1
Regular	94.2	28.9	81.4	27.4	110.4	28.0	81.7	175.5	73.9	160.3	100.3	167.4
Midgrade	103.7	4.8	90.1	4.8	119.7	4.9	88.5	11.6	79.6	11.5	106.4	12.6
Premium	112.0	3.9	97.4	4.0	127.0	3.8	93.3	24.0	84.5	23.7	111.7	23.1
Oxygenated	102.5	1.9	89.9	2.6	120.8	1.9	90.9	7.2	82.0	8.8	110.3	7.0
Regular	100.3	1.6	87.4	2.1	118.6	1.6	89.8	5.7	80.5	6.9	108.8	5.6
Midgrade	108.5	0.2	97.5	0.3	128.9	0.2	91.2	1.0	84.4	1.2	113.4	0.9
Premium	117.5	0.1	105.4	0.2	136.9	0.1	101.9	0.5	92.0	0.8	120.4	0.5
Reformulated	105.3	24.4	91.4	24.0	123.8	24.1	94.4	96.0	83.2	95.5	115.7	93.8
Regular	101.5	17.6	87.8	17.1	120.1	17.3	91.4	72.6	80.6	72.1	113.1	70.3
Midgrade	111.9	3.5	97.3	3.4	130.0	3.5	102.8	7.7	90.1	7.9	119.5	7.9
Premium	117.6	3.4	103.5	3.5	137.1	3.2	104.0	15.6	92.0	15.5	125.4	15.6
Aviation Gasoline	133.0	0.1	125.2	0.1	132.8	0.2	115.2	0.8	103.2	0.7	140.5	0.6
Kerosene-Type Jet Fuel	69.9	49.5	64.3	49.2	80.3	51.8	69.3	11.9	64.2	13.9	79.5	12.1
Propane (Consumer Grade)	41.7	3.1	39.5	2.7	57.0	2.7	41.7	28.2	39.9	33.9	58.6	24.8
Kerosene	NA	0.1	99.3	0.1	100.5	0.2	69.9	1.5	69.2	1.5	83.0	1.2
No. 1 Distillate	82.8	0.2	78.0	0.4	89.9	0.2	80.0	0.4	71.9	1.4	96.3	0.4
No. 2 Distillate	75.0	24.2	70.1	23.3	86.2	27.2	70.5	122.2	66.2	117.3	81.9	124.7
No. 2 Fuel Oil	72.0	2.8	70.1	2.9	86.1	2.9	68.3	20.5	64.6	27.1	79.2	23.9
No. 2 Diesel Fuel	75.4	21.4	70.1	20.4	86.3	24.3	71.0	101.7	66.7	90.2	82.6	100.7
Low Sulfur	77.6	14.7	71.9	14.2	88.8	16.7	71.4	88.4	67.0	79.1	83.1	87.6
High Sulfur	70.4	6.7	65.9	6.1	80.7	7.6	68.1	13.3	64.1	11.1	79.1	13.1
No. 4 Fuel^a	66.1	0.3	59.5	0.4	68.9	0.4	66.4	0.1	60.7	0.1	69.4	0.1
Residual Fuel Oil	55.7	10.1	49.5	10.1	53.1	16.8	51.1	10.7	43.8	8.5	48.0	9.2
Sulfur Content not > 1 %	59.0	2.1	53.2	2.7	63.8	4.9	53.2	6.6	45.7	5.8	57.3	3.7
Sulfur Content > 1 %	54.9	8.1	48.1	7.4	48.8	12.0	47.8	4.2	39.6	2.7	41.8	5.5

NA = Not available.

^a Includes No. 4 fuel oil and No. 4 diesel fuel.

Notes: Motor gasoline averages and totals prior to October 1993 include leaded gasoline.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*.

Source: Energy Information Administration Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."

out regional markets were affected by reports indicating the supply of crude oil was falling. The drop in supply appeared to be due to reduced imports and higher refinery runs. Notably, EIA monthly supply data show a drop in crude oil stocks, albeit small. This is the first decline in crude oil inventories since August 2001. Additionally, the disparity between year-ago stock levels shrank again in April. Data also show gasoline demand remains robust, growing for the third month in a row and setting a new high for April. Finished gasoline prices continued to experience sizable increases at all levels, but especially at the end user level where they continued to see double digit increases. Demand for distillates also increased from the March level, although prices did not rise as much as those for gasoline.

Additional April market and sales activity for crude oil and the principal petroleum products are summarized in the following sections.

Crude Oil

Unlike the steady upward trend seen during March, the daily spot price for West Texas Intermediate (WTI) crude oil at Cushing, Oklahoma was unsettled in April. Starting the month at \$26.21 per barrel, the price moved to its high of \$27.75 per barrel on April 2 due to concerns about the impact of the ongoing conflict in the Middle East on oil market activity. The price turned sharply downward shortly after that, following the

outbreak of political turmoil in Venezuela. It reached its low of \$23.51 per barrel on April 12. Following the reinstatement of Venezuelan President Hugo Chavez, the price quickly rebounded to levels seen earlier in the month. Closing at \$27.32 per barrel, the price was \$1.11 more than when it began April.

- April monthly average crude oil prices increased from March levels. The average domestic crude oil first purchase price climbed \$2.05 (10.2 percent), to \$22.09 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil rose \$1.27 (5.9 percent), to \$22.95 per barrel. The average landed cost of foreign crude oil increased \$1.90 (8.6 percent), to \$24.02 per barrel.
- The average refiner acquisition cost for domestic crude oil climbed \$2.72 (12.6 percent), to \$24.29 per barrel. The average cost of imported crude oil to U.S. refiners rose \$1.80 (7.9 percent), to \$24.58 per barrel. The composite refiner acquisition cost for crude oil increased \$2.20 (9.9 percent), to \$24.46 per barrel.

Petroleum Products

Motor Gasoline

Following the general pattern set by crude oil prices, the daily spot price for regular gasoline at New York Harbor was volatile during the first half of April. Opening at 74.9 cents per gallon, the price rose to the month's high of 80.2 cents per gallon on April 2, driven by market reaction to tensions in Middle East. The price followed the general plunge led by crude oil prices at mid-month, reaching its low of 66.5 cents per gallon on April 12. Rebounding rapidly after that point, the price continued on a more stable course during the latter half of April. It closed the month at 74.9 cents per gallon, even with its opening level.

- National average gasoline prices increased significantly again in all sales categories during April. The average price for retail sales of motor gasoline by refiners jumped 13.2 cents to \$1.005 per gallon. The average wholesale price rose 8.8 cents to 86.9 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average price at company-operated retail outlets increased 12.3 cents to 99.8 cents per gallon. The average wholesale price rose 8.5 cents to 86.7 cents per gallon. The average

dealer tank wagon (DTW) price climbed 10.8 cents to 92.5 cents per gallon, while the average rack price increased 7.6 cents to 85.4 cents per gallon. The average price for bulk sales rose 8.5 cents to 76.5 cents per gallon. Reformulated gasoline (RFG) prices were 7.3 cents higher than conventional gasoline prices at retail, and 8.6 cents more at wholesale. Oxygenated gasoline prices were 6.4 cents and 6.2 cents higher than conventional gasoline prices at retail and wholesale, respectively.

- Refiner sales of gasoline rose solidly in April. Total sales increased 15.7 million gallons per day (4.3 percent), to an average of 378.3 million gallons per day. Retail sales rose 1.2 million gallons per day (1.9 percent), while wholesales climbed 14.5 million gallons per day (4.8 percent). Rack sales accounted for 64.1 percent of wholesales, while DTW and bulk sales made up 21.6 percent and 14.3 percent, respectively. Reformulated gasoline made up 31.8 percent of total motor gasoline sales, while oxygenated gasoline accounted for 2.4 percent of sales.

No. 2 Distillate

The daily spot price for No. 2 heating oil at New York Harbor conformed to the general market trend during April, experiencing more variation during the first part of the month, then following a smoother course through the end of April. Opening at 67.1 cents per gallon, the price rose to its high of 70.7 cents per gallon on April 2. During the market's downturn, it reached its low of 60.0 cents per gallon on April 12. After regaining lost ground, the price moved along a more settled path during the rest of the month. Closing at 68.7 cents per gallon, the price was 1.6 cents higher than where it began April.

- No. 2 distillate prices rose across the board in April. The national average residential price for No. 2 distillate increased 1.5 cents to \$1.114 per gallon, while the average wholesale price climbed 3.8 cents to 71.1 cents per gallon. The average price for No. 2 diesel fuel at company-operated retail outlets rose 5.9 cents, while the average wholesale price increased 3.9 cents. The difference between low- and high-sulfur diesel fuel prices was 1.9 cents at retail and 2.9 cents at wholesale.
- Sales of No. 2 distillate by refiners rose in April, in reverse of the downward trend seen during the past two months. Total sales increased 5.8 million gallons (4.1 percent), to 146.4 million gallons per day. Sales of No. 2 fuel oil fell 6.7 million gallons per day

(22.3 percent), but sales of No. 2 diesel fuel climbed 12.5 million gallons per day (11.3 percent). Low-sulfur diesel fuel accounted for 83.8 percent of all refiner diesel fuel sales, and 70.4 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- Residual fuel oil prices show substantial increases again in April. Prices for low-sulfur residual fuel oil increased 5.8 cents to 59.0 cents per gallon at retail, and 7.5 cents to 53.2 cents per gallon at wholesale. The average retail price for high-sulfur residual fuel oil rose 6.8 cents to 54.9 cents per gallon, while the wholesale price jumped 8.2 cents to 47.8 cents per gallon. Including data reported by a sample of residual fuel oil marketers, the average low-sulfur residual fuel oil price rose 5.1 cents to 58.7 cents per gallon at retail, and by 7.2 cents to 53.6 cents per gallon at wholesale. The price for high-sulfur residual fuel oil increased 7.4 cents to 54.6 cents per gallon at retail, and 9.0 cents to 49.0 cents per gallon at wholesale.
- Total refiner sales of residual fuel oil grew in April, rising 2.2 million gallons per day (11.8 percent) from

March's level, to 20.8 million gallons per day. Low-sulfur residual fuel sales rose 200,000 gallons per day (2.4 percent), while high-sulfur residual fuel oil sales increased 2.2 million gallons per day (21.8 percent).

Other Products

- Prices for the remaining surveyed products generally rose during April. Refiner propane prices increased 2.2 cents per gallon at retail, and 1.8 cents per gallon at wholesale. Including data from a sample of propane marketers, the average residential propane price rose 2.4 cents per gallon, while the average retail price fell 2.3 cents. The average wholesale price increased 1.6 cents. Prices for kerosene-type jet fuel, aviation gasoline, No. 1 distillate, and No. 4 distillate prices increased at both levels, while prices for kerosene dropped at retail and increased at wholesale.
- Refiner sales of propane and kerosene-type jet fuel increased at retail but fell at wholesale. Sales of kerosene declined at retail but remained even at wholesale. Aviation gasoline sales increased at both levels, while sales of No. 1 distillate and No. 4 distillate declined at both retail and wholesale again in April.